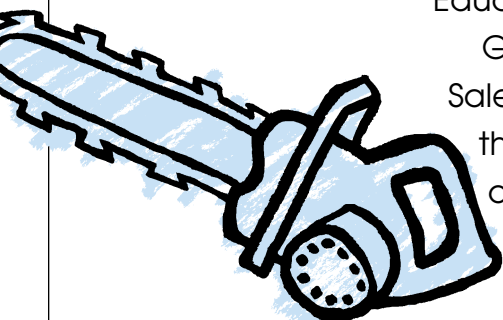


Tax Commission

IDAHO

LOGGING

An
Educational
Guide to
Sales Tax in
the State
of Idaho



Loggers can buy some materials, supplies and equipment tax exempt as a result of the logging exemption.

This brochure explains what items are taxable or nontaxable under the logging exemption. This information is based on the sales tax laws and rules in effect on July 1, 2001.

WHAT IS THE LOGGING EXEMPTION?

The logging exemption mainly eliminates sales tax on purchases of items used directly in harvesting forest trees. Logging includes cutting, skidding, loading, thinning or decking of forest trees that will be sold by their owner.

DO I QUALIFY FOR THE EXEMPTION?

You may qualify if you are involved in any of the logging activities listed above.

You do not have to own the timber to claim the exemption. In some situations, you may also qualify even though logging is not the primary activity of your business.

For **example**, a road builder may qualify for the logging exemption on the *equipment* he uses to remove forest trees from a road right-of-way. To qualify, two conditions must be met:

- 1) The trees he harvests must be sold by the timber owner, and
- 2) The equipment must be used primarily to harvest forest trees (more than 50% of the equipment's time must be used for this purpose).

WHO DOES NOT QUALIFY?

- Firewood cutters, even if they intend to sell the wood;
- Loggers who cut trees other than *forest* trees; and
- Loggers who harvest forest trees that will not be sold.

HOW DOES A LOGGER CLAIM AN EXEMPTION?

A logger may claim the exemption by giving the seller a completed form ST-101, Sales Tax Resale or Exemption Certificate. Once on file with the vendor, this form is valid for all future exempt sales.

WHEN IS A PURCHASE EXEMPT FROM TAX?

Equipment and supplies qualify for the exemption if they are:

- “Directly” used in logging;
- Used between the *beginning* and *ending* point of logging;
- “Necessary” to the operation; and “Primarily” used for logging.

Logging *begins* when trees are first handled by the logger at the forest site. It *ends* when the logs are placed on trucks at the loading site (deck).

Items are “necessary” if they are required for logging.

Items are “primarily” used in logging if over 50% of their use is spent in logging.

EXAMPLES OF TAX-EXEMPT PURCHASES

- Chain saws costing over \$100, and parts and supplies for these saws, including chains, saw parts, oil mix, bar oil and bar covers
- Skidders, tree harvesters, fellerbunchers, log processors, unlicensed log loaders and jammers, and parts and supplies for this equipment, including fuel, oil and anti-freeze
- Chokers, skidder cable and yarders
- Talkie-Tooters
- Tree marking paint

WHAT MAKES A PURCHASE TAXABLE?

Some items do not qualify for the logging exemption and must be taxed because they are:

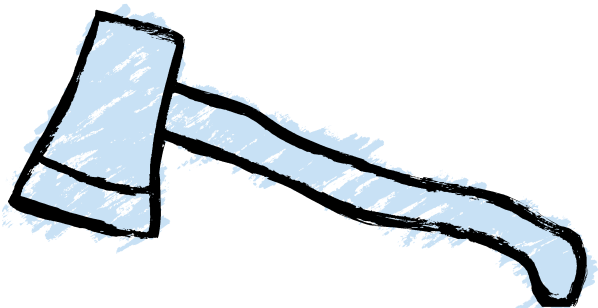
- Not “directly” used in logging;
- Used before the “beginning” point or after the “ending point” of logging;
- Not “primarily” (over 50%) used in logging; or
- Not “necessary.”

Other items are specifically excluded from the exemption by law.

EXAMPLES OF TAXABLE PURCHASES:

- Hand tools costing \$100 or less, regardless of use
 - Hand saw
 - Wedge
 - Mallet, sledge
 - Axe, maul
 - Axe sheath
 - Polaski
 - Log measuring tape

- Safety equipment and supplies
 - Fire suppression equipment
 - Fire trucks and fire extinguishers
 - Hard hats, helmets
 - Gloves
 - Shoulder pads
 - Calk boots
 - Earplugs
 - Safety chaps
- Repair or maintenance equipment and supplies
 - Saw sharpening equipment
 - Saw files File guide tools
 - Shop equipment, even if used to repair exempt equipment
 - Shop tools Welders
 - Compressors Wrenches
 - Drills Grease guns
 - Shop supplies
 - Welding gases, flints
- Slash disposal or brush piling and clearing equipment and supplies (except for tree farms)
 - Brush rakes
 - Brush clearing machines
 - Tractors used for this purpose
 - Fuel for this equipment
 - Parts and supplies for this equipment
- Reforestation equipment and supplies (except for tree farms)
- Licensed motor vehicles and trailers, and any parts and supplies for licensed equipment.
 - Log trucks and trailers (taxable even if not licensed)
 - Parts for log trucks and trailers
 - Tie-downs, slings
 - Log loaders and jammers, if licensed
- Road construction equipment, parts and supplies
 - D-8s, D-9s • Rollers
 - Road graders • Water trucks
 - Off-road fuel used for this equipment, if no fuel tax was paid
 - Parts and supplies for this equipment



- Road building materials, or anything else used to improve or become a part of real property
 - Culvert
 - Gravel
 - Bridge materials
 - Fill materials
 - Dust suppression products
 - Explosives
 - Gates, fence posts
 - Guardrails
- Aircraft, parts and supplies
 - Helicopters, even if used in logging
- Recreation vehicles, parts and supplies
 - Snowmobiles
 - ATVs
 - Fuel used off-road if no fuel tax is paid
- Equipment and supplies used for any of the following:
 - Office
 - Selling and distribution
 - Janitorial
 - Research
 - Transportation activities
 - Log trucks and trailers
 - Tie-downs, cable
 - Personal items such as shirts, pants, suspenders, boots

NOTE: Heavy trucks and trailers used in interstate commerce may qualify for a different exemption. See Brochure #41–Transportation.

FOR MORE INFORMATION, READ:

Brochure #2	Use Tax
Brochure #5	Retailers & Wholesalers: Making Exempt Sales
Rule 102	Logging
Rule 128	Certificates for Resale & Other Exemption Claims

This brochure was prepared by the Idaho State Tax Commission. It does not provide comprehensive explanations of Idaho tax laws or rules. Specific questions should be addressed to the Idaho State Tax Commission or a qualified tax practitioner.

Costs associated with this publication are available from the Idaho State Tax Commission in accordance with section 60-202 Idaho Code.

